

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

TO: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: March 3, 2006

Subject: January 2006
Financial Report

Attached is the Monthly Financial and Operations Report for the period ending January 31, 2006.

GENERAL FUND

We are currently projecting a \$2.9 million surplus for the General Fund for Fiscal Year 2006. The main factor in this decrease is a \$12 million reduction in anticipated Pension Bond Proceeds. The remaining factors affecting the change are:

Revenues

- We are projecting an increase of \$4 million in Sales Tax Revenues due to higher than expected receipts through the end of January 2006.
- Higher than expected receipts from grant awards to date have prompted a \$2.5 million increase in our projection for Intergovernmental revenues.
- Higher than expected receipts are also the reason for a \$200,000 increase in projected Gas Franchise revenues.

Expenditures

- We project a decrease in Solid Waste Management expenditures of \$1.9 million due to receipt of the settlement payment from Republic Waste.
- General Government Expenditures have increased \$2.3 million. Of this amount, \$2 million is for increased Limited Purpose Annexation Payments, which is a direct offset to the higher sales tax revenues. The remaining \$320,000 of the increase is the result of increased Insurance premiums that followed hurricanes Katrina and Rita.
- There was a \$500,000 increase in Municipal Court – Administration expenditures due to overtime costs related to implementation of the new Case Management System.

ENTERPRISE FUND

The Aviation Operating Fund reflects a \$3.1 million increase in Income Before Operating Transfers. This is attributed to an increase of \$1.7 million in higher than expected billings for tenant services and an increase of \$1.4 million in Other Non-operating Revenues that is tied to the sale of land and vehicles.

The Convention and Entertainment Operating Fund shows an increase of \$1.9 million in Income Before Operating Transfers due to higher than expected revenues from the Houston Convention Center Hotel Corporation.

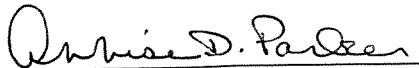
The Combined Utility System Operating Fund shows an increase of \$7.2 million in Income Before Operating Transfers. This is largely due to increased water and sewer billings tied to the lack of rain over the last six to eight months.

COMMERCIAL PAPER AND BONDS

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. At month-end, the ratio for each type of outstanding debt was:

General Obligation	16.8%
Combined Utility System	19.3%
Aviation	21.7%
Convention and Entertainment	28.0%

Respectfully submitted,



Annise D. Parker
City Controller